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**To:** Microsoft ATR  
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**Subject:** Microsoft Settlement

I strongly disagree with the proposed settlement.

There are several reasons to reject it:

1. ECONOMIC:

Microsoft is often perceived as a "driving power" of the economy. In fact, there are concerns that using strict anti-trust laws against them could affect the economy as a whole.

Mentioning the new "Windows XP", vendors hope that this release pushes sales of hardware, software and equipment.

From an economic point of view, it would be very dangerous if a single company really had such an economic influence. If those concerns were true, that would indeed be THE SIGNAL that Microsoft is close to a monopoly and that the IT industry is already "ill" and has to be cured, which means that such a monopoly has to be removed.

As within all countries featuring a "liberal economic system", government intervention has to be restricted to situations where the natural stability of markets fail.

A monopoly (or more generally, when a single company affects the whole economy) causes the natural balance of markets to fail.

Another important point of view is the customer and her interests. While Microsoft (naturally) denies having an all-economic influence, they do state that they are only "doing the best for their customers".

That assumes that customers were free in their decisions to use Microsoft products, and that the customers chose these products for their "technical advantage" over competing products.

A concern sometimes heard is, that "killing Microsoft would kill (or at least, slow down) technical development".

That statement has to be carefully analysed.

First, Microsoft IS NOT the "engine of technical advancement". Why should only Microsoft be committed to make things easier for the customer? Why should only Microsoft be committed to extend the borders of technology? IBM, Sun Microsystems, Oracle and others want to sell, too.

It is inherent to a liberal free-market system, that you can only survive by adapting and improving.

Advancement coming only from a single point out of the whole system in fact is characteristic for NON-FREE systems that do not rely on free markets, fair prices, freedom of trade, etc.

Conclusion: if the above statement ("Microsoft is best for customers, dont take it away") really was true, then this would NOT be sign AGAINST using anti-trust laws, but it would be a sign PRO using these laws, PRO reassuring that our system of free markets is functioning well.

To clarify my position:

it is NOT the duty of the government to punish those who are successfully operating within our liberal free-market system.

It actually IS the duty of the government, to ensure that the markets remain balanced, that there IS competition, that customers HAVE a choice, that no single company can control a market or (even worse) the whole economy.

That cannot be and that must not be in the interest of any government.

## 2. TECHNICAL:

While you can state that there is no economic reason to punish Microsoft (despite my argumentation in the paragraph above), it actually is evident that Microsoft is not "playing fair" and at least trying to lock out competition for their products.

As stated above, in a free-market system everyone is trying to gain competitive advantages and to extend ones share of the market.

This is natural, and this is good from an economic point of view, as this is the real "engine" for technical advancements.

However, to ensure that competition really remains free, governments have to make sure that certain rules are accepted and followed by the market participants.

One of the most important rules is, that it must be possible to compete with someone. It must not be the case that someone "locks others out of the market".

If a segment of a market is controlled by a single company, and if that company is able to effectively lock others out of that segment, then we are here: that company effectively has a monopoly in that segment.

To ensure this does not happen, market participants have to "play fair", and it is the duty of the government to punish those that do not obey the rules.

Microsoft in fact is quite effectively locking others out of certain market segments, and they do everything to make sure that these segments remain "Microsoft-only".

1) the Windows internals are not open. Only Microsoft know about them, and treats them as a business secret. As a result, competitors have a significant disadvantage when developing applications for the Windows platform. While Microsoft has the ability to alter Windows to fit the needs of their applications (Office, SQL Server, Web Server, ...), they also have

the ability to alter Windows to make existing applications incompatible with future versions of Windows!

2) the Office document format internals are not open. Development of a competing office product, which would be fully capable of reading, writing and transforming MS-Office documents, is almost impossible. As the MS-Office format is close to a "defacto-standard" (resulting from a lack of choice by the customers!), this effectively kills free competition on the office market segment.

3) the Windows file exchange and sharing mechanism is NOT documented. However, there actually IS competition, mainly from the open source community ("SAMBAs" project). As Microsoft realized this, they recently changed communication internals within Windows XP (and earlier, also within Windows 2000 Server versions). The goal was clear: effectively stop competition. However, the SAMBA project adapted quickly. Nevertheless, this should be a clear sign that Microsoft IS NOT PLAYING FAIR!

#### Conclusion:

IF positions as a market-leader really were "earned" (by offering better products than the competitors), then Microsoft would not fear competition. However, this is not the case.

Microsoft is trying to integrate their products as closely as possible to lock out competition.

When competition arises, product internals are changed. Microsoft, of course, can adapt to this. Others cannot, or can but only with huge efforts. This effectively hinders competition, and aims at gaining a monopoly (or at least a superior position) where customers (and the free-market) possibly would have decided to use other products.

As a customer AND as someone interested in the future of our economy, I reject the proposed settlement between Microsoft and the US Department of Justice.

I insist on reconsidering the effects of this settlement, especially in respect to Microsofts position and business practices they have shown.

Sincerely,  
Rugbuz Pafnuti

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